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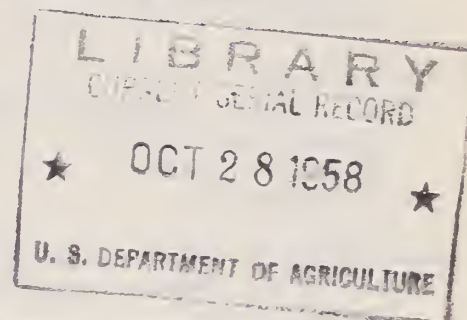


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# *The* **DEMAND and PRICE SITUATION**

DPS-46



Approved by the Outlook and Situation Board, October 15, 1958

## SUMMARY

Crop production this year, according to the October 1 report, is now estimated to be some 10 percent larger than in 1957, which equaled the previous high. Record crops are indicated for wheat and feed grains, which have been in heavy surplus for some years. Per acre yields of major crops, reflecting in part more favorable weather this year, are averaging 12 percent higher than in 1957 and over 30 percent above those of 5 years earlier. For most areas, pasture conditions on October 1 were much above a year ago, and in range areas the current moisture situation points toward the largest supply of forage for fall and winter grazing in over 15 years.

The index of prices received by farmers rose 3 percent to 258 (1910-14=100) during the month ending September 15, and was 5 percent above a year earlier. About half of the increase from August to September reflected very high grapefruit and orange prices, for which marketings are at low ebb. But, in addition, increases occurred for beef cattle, eggs, cotton and milk. A more rapid increase in farm product prices than in prices paid by farmers for commodities, interest, taxes and farm wage rates, lifted the parity

*(Continued on page 3)*

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## ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1957		1958				
		Year	Sept.	June	July	Aug.	Sept.	
Industrial production: Seasonally adj. <u>1/</u>								
Total	1947-49=100	143	144	132	134	136	137	
All manufactures	do.	145	146	134	136	138	139	
Durable goods	do.	160	160	139	141	144	144	
Nondurable goods	do.	130	131	129	132	133	134	
Minerals	do.	128	129	112	116	120	123	
Construction:								
Total outlays, seasonally adjusted <u>2/</u>	Mil. dol.	48,492	4,078	3,969	4,058	4,120	4,185	
Public construction	Mil. dol.	14,354	1,208	1,226	1,254	1,264	1,289	
Private residential	Mil. dol.	17,019	1,432	1,368	1,431	1,506	1,548	
Housing starts	Thousands	1,042	1,012	1,057	1,160	1,170	1,220	
Manufacturers' sales and inventories: <u>2/</u>								
Total sales, seasonally adjusted	Mil. dol.	28,383	28,215	25,747	26,284	26,394		
Durable goods	Mil. dol.	14,159	14,132	12,086	12,256	12,371		
Unfilled orders-sales ratio <u>5/</u>		3.40	3.76	3.61	3.59	3.56		
Inventory-sales ratio <u>6/</u>		1.89	1.92	1.95	1.89	1.87		
Durable goods		2.20	2.25	2.36	2.31	2.27		
Employment and wages: <u>7/</u>								
Total civilian employment	Millions	65.0	65.7	65.0	65.2	65.4	64.6	
Nonagricultural	do.	58.8	59.2	58.1	58.5	58.7	58.4	
Unemployment	do.	2.9	2.6	5.4	5.3	4.7	4.1	
Workweek in manufacturing	Hours	39.8	39.9	39.2	39.2	39.6	39.8	
Hourly earnings in manufacturing	Dollars	2.07	2.08	2.12	2.13	2.13	2.14	
Income and spending:								
Personal income payments <u>2/</u> <u>3/</u>	Bil. dol.	347.9	351.4	352.0	358.8	356.1	357.5	
Consumer credit outstanding <u>1/</u>	Mil. dol.	44,776	43,270	43,122	43,026	43,217		
Automobile	Mil. dol.	15,496	15,556	14,691	14,673	14,625		
Total retail sales, seasonally adj. <u>2/</u>	Mil. dol.	16,668	16,919	16,581	16,721	16,859	16,571	
Durable goods	Mil. dol.	5,705	5,722	5,149	5,221	5,214	5,147	
Inventory-sales ratio <u>6/</u>		1.47	1.44	1.45	1.43	1.42		
Prices:								
Wholesale prices, all commodities <u>4/</u>	1947-49=100	118	118	119	119	119	119	
Commodities other than farm and food	do.	126	126	125	126	126	126	
Farm products	do.	91	91	96	95	93	93	
Foods processed	do.	106	106	114	113	111	111	
Consumer price index, all items <u>4/</u>	1947-49=100	120	121	124	124	124		
Food	do.	115	117	122	122	121		
Prices received by farmers <u>8/</u>	1910-14=100	242	245	255	254	251	258	
Crops	do.	233	227	232	228	225	232	
Livestock and products	do.	249	260	275	277	275	280	
Prices paid, interest, taxes and wage rates <u>8/</u>	1910-14=100	296	295	305	305	304	305	
Family living items	do.	286	287	293	293	291	291	
Production items	do.	258	258	270	270	269	271	
Parity ratio <u>8/</u>		82	83	84	83	83	85	
Farm income and marketings: <u>8/</u>								
Volume of farm marketings	1947-49=100	116	133	111	125	131	146	
Cash receipts from farm marketings	Mil. dol.	29,757	2,934	2,423	2,743	2,862	3,300	

Annual data for most of these items for the years 1929 and 1939-57 appear on page 35 of the April 1958 issue of The Demand and Price Situation.

1/ Federal Reserve Board. 2/ U. S. Department of Commerce. 3/ Seasonally adjusted annual rates. 4/ U. S. Department of Labor, Bureau of Labor Statistics. 5/ Unfilled orders for durables divided by monthly deliveries. 6/ Inventories, book value, end of month, divided by sales. 7/ Bureau of the Census. 8/ U. S. Department of Agriculture, Agricultural Marketing Service.

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T H E D E M A N D A N D P R I C E S I T U A T I O N  
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CONTENTS			
	Page		Page
Summary .....	1	Wheat .....	12
General Business Activity ....	4	Rice .....	13
Farm Income .....	8	Fruit .....	13
Livestock and Meat .....	8	Commercial Vegetables .....	14
Dairy Products .....	8	Potatoes and Sweetpotatoes .....	15
Poultry and Eggs .....	9	Cotton .....	15
Oilseeds, Fats and Oils .....	10	Wool .....	16
Feed .....	11	Tobacco .....	17

Continued from cover page -

ratio to 85 compared with 83 in August this year and in September a year earlier. However, the first part of October, prices of important agricultural commodities on major central markets averaged slightly lower than in mid-September, with declines reported for eggs, broilers, hogs, and potatoes.

Cash receipts from farm marketings in the first three quarters of 1958 were up 11 percent from a year earlier; prices averaged 6 percent higher and the volume of marketings was up 5 percent. Livestock and products receipts were up about a tenth because of higher prices, largely from cattle, hogs and eggs. Crop receipts were up about an eighth due mostly to bigger wheat and cotton marketings.

Economic activity continued to improve in early fall. Consumer incomes in September, spurred by rising wage and salary payments, were about 1½ percent above a year earlier. Nonfarm employment registered a better than seasonal rise in September, and unemployment, seasonally adjusted, dropped moderately below August but was still nearly 2 million above a year earlier. Retail sales declined about 2 percent between August and September. Construction activity, led by increases in private housing, registered the fourth successive monthly advance. Factory production in September, while still below the previous peak, was about 9 percent above the April low.

#### Commodity Highlights

Feeder cattle prices may remain unchanged this winter in contrast with the steady advance of last winter. Hog slaughter this fall will average about the same as last year. Hog prices will probably decline for the rest of this year and in 1959 will be continuously below 1958.



Egg prices reached a peak in mid-September, about a month earlier than usual. In the next 6 months prices to producers are expected to remain below a year-earlier levels. Record large stocks of frozen turkeys will probably hold turkey prices in the next 3 months close to last year's levels despite some decline in turkey production this year.

Soybean oil prices during the heavy October-December marketing period probably will average somewhat lower than a year earlier while meal prices may average a little above.

The 1958 National support price for corn in the commercial area for complying farmers will be \$1.36 per bushel, the same as the previously announced minimum. The rate for non-complying growers in the commercial area will be \$1.06.

Prospective production of early and mid-season oranges in the 1958-59 season is up about 2 percent from the reduced 1957-58 crop. Total production of grapefruit, excluding the California summer crop, is about 7 percent larger than the relatively light 1957-58 crop.

Total supplies of fresh vegetables for fall harvest are expected to be slightly larger than last year. Most of the increase is in early fall cabbage and carrots. Heavy supplies of processed vegetables will be available for distribution into mid-1959.

A national marketing quota of 12.2 million bales of cotton and a national acreage allotment of 16 million acres for the 1959 upland cotton crop were announced on September 29. The referendum on marketing quotas will be held on December 15.

Domestic mill use of carpet wool in August rose above the same month a year earlier for the first time this year; the August rate was 6 percent above August 1957.

By October 10 approximately three-fourths of this year's flue-cured tobacco crop had been marketed. Auction prices by that date averaged 57.8 cents per pound, 3 percent higher than in the corresponding period last year.

#### GENERAL BUSINESS ACTIVITY

Economic activity continued to improve during September. Consumer incomes rose further spurred by higher wage and salary payments. Retail sales were down about 2 percent between August and September. Construction outlays in September were at the high for the year, led by a sizable increase in private housing, and housing starts reached the highest level in 3 years. The job situation improved in September, and unemployment after seasonal adjustment declined to 7.2 percent of the civilian labor force, but the



absolute number was 1.8 million above a year ago. Manufacturers' sales improved a little and the rate of inventory liquidation eased further during August. Industrial production increased further in September and was about 9 percent above the April low.

Consumer incomes in September reached an annual rate of \$357.5 million up 1.4 million from August and 5.4 million above a year earlier. Most of the gain from August to September was due to higher wage and salary payments, as employment and the average workweek improved some. Average hourly earnings of factory workers were also a little higher.

Retail sales, according to advance reports and seasonally adjusted, totaled 16.6 billion dollars, down a little from August and from the peak rate a year earlier. Durable goods store sales declined between August and September and were 10 percent below a year earlier. New automobile sales continued to run substantially below a year earlier but sales of the furniture and appliance group improved. Retail sales of nondurable goods totaled 11.4 billion dollars, down about 2 percent from August and 2 percent higher than a year earlier.

Consumer installment debt outstanding at the end of August rose a little to 33.2 billion dollars, after 6 straight months of decline. Repayments of consumer debt continued at about the same rate as recent months, but extensions increased as gains in consumer goods loans, repair and modernization loans and personal loans more than offset further declines in the amount of automobile paper.

Construction outlays totaled 4,185 million dollars, seasonally adjusted, in September, up about  $1\frac{1}{2}$  percent from August,  $6\frac{1}{2}$  percent from the low for the year and in May and up 3 percent from September a year ago. Private construction activity totaled 2,896 million dollars, up about  $1\frac{1}{2}$  percent, practically all the gain was accounted for by a rise in outlays for residential buildings. New private nonfarm housing starts, which lead outlays, on an annual rate basis totaled 1,220 million units, the highest since September 1955. Industrial and commercial building activity continued to decline with small gains registered for building of private institutions and public utilities. Public construction totaled 1,289 million dollars in September, up about 2 percent from August and 7 percent higher than a year earlier. Gains were registered for most types of construction, but outlays for buildings and sewer and water systems were up the most.

The job situation improved during the late summer and early fall. Civilian employment at 64.6 million declined less than the usual seasonal amount for September; however, employment was 1.0 million below the level of a year earlier. Agricultural employment declined over the month, but there were less than usual declines in nonagricultural employment to 58.4 million, compared with 58.7 million in August and 59.2 million a year earlier. In manufacturing establishments employment, seasonally adjusted, reached 15.5 million, up about 140,000 from August but 1.2 million below a year earlier. Practically all the gain between August and September was in the durable goods industries.



Employment in nondurable goods industries at 6.7 was approximately the same as in the previous month, and 234,000 below a year earlier. Employers' reports to local public employment offices indicate a continuation of the recent gradual uptrend in employment through mid-November. If these gains are realized, the bulk of the increase will be centered in the nonmanufacturing sector of the economy. Hiring by trade establishments in preparation for the holiday shopping season will be partially offset by the usual decreases in construction activity. Small gains are anticipated in manufacturing employment--notably steel, farm machinery and ordnance industries. Employment in auto centers is expected to rise as model changeovers are completed and volume production gets under way, but small further declines in aircraft appear likely.

With some improvement in the job situation, unemployment at 4.1 million in September was down 600,000 from August. The rate of unemployment after seasonal adjustment was 7.2 percent of the civilian labor force in September, down from the 7.6 percent rate in August. This compares with a rate of 4.5 percent in September of 1957.

Weekly hours of factory production workers averaged 39.8 in September compared with 39.6 in August and 39.9 a year earlier. Average weekly earnings increased to \$85.17, up 82 cents from August and \$2.18 from a year earlier.

Manufacturers' sales rose during August to a seasonally adjusted total of 26.4 billion dollars up 100 million dollars from July, but still 2.2 billion dollars below a year earlier. There were minor increases in most durable goods industries. Nondurable goods sales were unchanged. New orders placed with manufacturers' declined 100 million to 26.3 billion dollars, as a cutback in defense contracts placed with aircraft industries offset increases in business placed with most other manufacturing industries. With sales and new orders about the same in August, there was little change in order backlogs.

The rate of manufacturers' inventory liquidation eased further in August. The book value of their inventories declined 300 million to 49.5 billion dollars compared with 54.2 billion dollars a year earlier. Both durable and nondurable goods shared evenly in the reduction during August.

Factory production continued to advance in September; the Federal Reserve Board's index of industrial production at 137 (1947-49=100) was up a point from August and 9 percent above the lows of last April but 5 percent below a year earlier. The index of durable goods production in September was 144, the same as in August. Steel mill operations continued to climb in the early fall, and the primary metals index of 110 was 13 percent above the low for the year in April. Machinery, metal fabricating, and furniture output also climbed between August and September. Consumer durables output at 104 was down 10 percent between August and September due to a sharp decline in automobile production. Nondurable goods production at 134 was up a point from August. Textile, rubber, chemical, petroleum and paper output was up a little while food production was the same as in the preceding month. The output of minerals reached 123 up 2½ percent from August, but 5 percent below September 1957.



Wholesale prices were about the same in both August and September. The overall index averaged 119.1 (1947-49=100) the same as in August and 118.0 a year earlier. Between August and September, farm product and processed food prices declined slightly while industrial prices averaged a little higher.

Prices paid by farmers for family living items averaged the same in September as a month earlier, with a decline in food prices offset by a general advance of other categories of consumer goods. Urban consumer prices declined 0.2 percent between July and August, the first reduction in two years. Food prices dropped nearly 1 percent due principally to lower prices for fresh fruits and vegetables, meats and poultry. Partially offsetting lower food prices were increases in the cost of housing, transportation, medical and personal care, and reading and recreation.

The Index of Prices Received by Farmers rose 2.8 percent from August to September to 258 (1910-14=100) and was 5.3 percent above September last year. Prices of grapefruit and oranges were responsible for about half of the increase in the index. The index of prices received for fruit was up 17 percent from August and 44 percent from a year ago. Beef cattle, eggs, milk, and cotton also contributed to the increase over the month. Lower prices for hogs, chickens and corn were partially offsetting. The average prices received for upland cotton rose 4 percent during the month to 34.54 cents per pound, the highest in nearly 4 years. Ginnings up to mid-September contained a high proportion of strict middling and higher grades.

The Index of Prices Paid by Farmers for commodities and services, interest, taxes and farm wage rates rose 1 point to 305 in the month ending mid-September. This was 3 percent higher than in September last year. A small average increase in prices of production items caused the fractional increase in the index. Prices of feed and farm supplies declined but these were more than offset by advancing prices of most other production items, particularly feeder cattle.

Since prices received advanced more rapidly over the month than prices paid, the parity ratio rose 2 percent to 85 in September. The ratio stood at 83 in the previous month and also in September 1957.

Prices of farm commodities on major central markets averaged lower in mid-October than in mid-September. Hog prices at Chicago averaged about 4 percent down. Fed cattle prices at Chicago were up fractionally. Midwestern eggs at New York declined about 17 percent over the month. Prices of North Georgia broilers were down around 12 percent. Hard Winter wheat at Kansas City rose about  $2\frac{1}{2}$  percent from mid-September to mid-October. Rye, corn and oats averaged unchanged. Long Island potatoes declined about 7 percent in the New York market. Prices of soybeans at Chicago were down around 2 percent.



## FARM INCOME

Farmers' cash receipts from marketings in the first 9 months of 1958 totaled 22.8 billion dollars, 11 percent above the corresponding period in 1957. Prices averaged 6 percent above last year, and the volume of marketings was up 5 percent. Receipts from livestock and products of 13.8 billion dollars were 10 percent above a year ago, largely because of higher prices for cattle, hogs, and eggs. Crop receipts of 9.0 billion dollars were up 13 percent from a year ago, due mostly to the large wheat and cotton crops. Higher average prices resulted in somewhat larger cash receipts from fruits.

Total cash receipts in September were about 3.3 billion dollars, 12 percent more than a year ago. Prices and marketings were both up from September 1957. Receipts from livestock and products of 1.7 billion dollars were up 10 percent, with higher average prices for cattle, calves, and eggs. Larger cattle marketings also contributed to the increase. Crop receipts in September were about 1.6 billion dollars, 15 percent above September of last year. Prices of crops averaged slightly higher than a year ago, and marketings were up substantially. Larger marketings of wheat, cotton, soybeans, and tobacco contributed substantially to the gain in total crop receipts.

## LIVESTOCK AND MEAT

Cattle slaughter continues to lag a little behind last year's rate despite larger marketings of fed cattle. About as many fed cattle probably will be slaughtered this fall as a year ago but fewer grass cattle. The number in feed lots on October 1 was 12 percent larger than last October with about the same proportion headed for market before the end of the year. Prices will likely retain their recent gains and might increase somewhat more before the end of the year.

Abundant feed and excellent ranges have given a boost to feeder cattle prices. Prices may remain about unchanged this winter. They are unlikely to advance steadily as they did last winter.

Hog slaughter has been above year-earlier levels since June largely because the 2 percent gain in 1958 spring pigs came in the first part of the season. Slaughter the rest of this fall will average about the same as last year. Early next year it will be significantly above the early 1958 rate. Hog prices will probably decline the rest of 1958. Prices in 1959 will be continuously below those of 1958.

## DAIRY PRODUCTS

Production of milk is seasonally low, and about equal to a year earlier. Current commercial use exceeds current production so that commercial storage holdings, except for nonfat dry milk, have been reduced. Consequently, little butter and cheese are being purchased for price support. However, substantial price support purchases are being made of nonfat dry milk. Wholesale prices for butter and cheese continue above the level when these products were being purchased in volume for price support.



The number of milk cows on farms apparently has declined so far in 1958 at a faster rate than in other recent years. Up until this year the slight reduction in milk cow numbers has been more than offset by an increase in rate of production per cow, and total milk flow has reached successive new highs. This year, however, cow numbers have been declining at an accelerated rate and total milk flow has dropped somewhat from the record reached in 1957. In the remaining months of the year, output probably will run near that of a year earlier, but the total for the year may not quite equal the 1957 record level.

Consumption of cheese per person continues to show a substantial increase over a year earlier. Consumption of other dairy items shows no increase, and use of fluid whole milk, on a per capita basis, apparently is running a little below a year earlier.

But with milk output down a little, and a larger population, the surplus of milk (equivalent, fat basis), is running about one-third smaller this marketing year than last. However, purchases of nonfat dry milk have been the largest on record. For 1958 as a whole the milk equivalent of purchases will be less than 4 percent of production compared with 4.7 percent in 1957. Uncommitted stocks of cheese in early October were down to 13 million pounds, the smallest in 6 years; butter stocks were 52 million pounds compared with 55 million a year ago and nonfat dry milk, 122 million pounds compared with 65 million a year earlier.

Prices to farmers for milk and butterfat have increased a little, seasonally, but are a little under a year earlier. With lower feed prices, the milk-feed price relationships continue well above average.

#### POULTRY AND EGGS

Average egg prices to farmers reached a peak in the middle of September, two months earlier than in 1957 and about one month earlier than usual. On September 15 prices to farmers averaged 41.0 cents per dozen, compared with 36.9 cents a month earlier and 40.3 cents a year ago. Egg price movements since mid-September have been mixed. In the next 6 months prices to producers are likely to be below a year earlier.

The 306 million layers on farms October 1 were very slightly below the corresponding number on this date last year. Relative to a year earlier, the number will increase in the next 3 months. By January 1, 1959 the nation's laying flock will probably be at least 2 to 4 percent larger than on the first of this year.

Rate of lay on October 1 was 3 percent higher than on the same date in 1957, and probably will continue above year-ago levels, continuing the trend of past years.



For the rest of 1958 egg production will exceed the 1957 level by 3 to 5 percent. Production will continue greater than a year earlier through the early part of 1959.

On October 2, 1958 the the U.S.D.A. announced that it will buy dried whole egg for the school lunch program. The amount to be purchased weekly will depend largely on prices and quantities offered.

More broilers than last year will continue to move to market in the next three months. In September broiler growers received an average of 16.6 cents per pound live weight, about  $1\frac{1}{2}$  cents below both a month and a year ago. Little price recovery is expected in the last quarter, a period of seasonally low demand.

Turkey prices probably will stay close to last year's level in the next three months. Turkey storage on October 1 totaled 161 million pounds—slightly higher than the previous record for the date set in 1957 and 29 percent above August 1. The 78 million turkeys being raised for this year's crop are 4 percent below last year's record of 81 million, but because of a large late hatch, marketings the rest of this year will be above a year ago. To October 10, U.S.D.A. bought 16 million pounds of turkeys for the school lunch program; none were bought in 1957. On September 15, turkey growers received 23.7 cents per pound live weight compared to 24.9 cents in mid-August and 22.9 a year earlier.

#### OILSEEDS, FATS AND OILS

Oilseed crop prospects were generally favorable during September and it now appears certain that record supplies of edible fats, oils, and oilseeds will be available in the 1958-59 marketing year which began October 1. Record yields per acre are indicated for soybeans, cottonseed and peanuts.

October 1 conditions indicate that supplies of edible fats, oils and oilseeds in 1958-59 will exceed the 11.7 billion pounds (oil equivalent) for the year just ending by about 15 percent. The prospective 19 percent rise in soybean output will contribute a large part of the increase in supply, although lard and cottonseed oil production probably will increase about 11 and 6 percent, respectively. Little change is expected in butter output. Carryover stocks of food fats (including the oil equivalent of soybean stocks) on October 1, 1958 probably were up nearly one-fifth from the relatively low level of a year earlier.

The supplies of food fats available, including oil equivalent of soybeans, would permit substantially greater exports (including shipments) in 1958-59 than the 2.6 billion pounds estimated for 1957-58. Competition in world markets is likely to continue keen as exportable supplies remain heavy in some foreign countries. Nevertheless, a heavy outward movement from the United States is likely to result from sales for dollars plus another large P. L. 480 program. Agreements for large quantities of edible oils are expected to be negotiated now that the P. L. 480 program has been extended through December 31, 1959.



U. S. supplies of soybeans in 1958-59 are estimated at a record 593 million bushels, 103 million bushels or 21 percent above last season. This increase is equivalent to about 1.1 billion pounds of soybean oil and 2,450,000 tons of soybean meal. Soybean prices during the heavy harvesting months are expected to be under the support rate of \$2.09 per bushel but later in the season probably will return to near the loan level. Prices during most of the 1958-59 marketing year probably will not exceed the loan rate by any substantial margin unless the fats and oils situation changes greatly. Although total demand for beans probably will rise to a new peak in 1958-59, carryover stocks on October 1, 1959 are expected to be well above this year's.

Current prospects are that soybean oil prices during the heavy October-December 1958 marketing period probably will average somewhat lower than a year earlier while meal prices may average a little above. As the outlook for meal in 1958-59 currently appears more favorable than for oil, the value of meal obtained from a bushel of beans is likely to be somewhat higher than that for oil, as was the case for the 1957-58 year. Requirements for meal are likely to be higher in 1958-59 due to a prospective increase in animal units along with a continuation of the uptrend in the feeding rate per animal unit.

Based upon October 1 indications, the 1958 cottonseed crop may total 4,828,000 tons, about 5 percent more than last year's short crop. Prices to farmers are expected to average slightly above the support price of \$41 per ton (CCC purchase price to producers, basis grade, 100), but less than the last season's average of \$51 per ton. Cottonseed oil prices in October-December 1958 probably will average somewhat below last year because supplies of cotton oil will be slightly larger and supplies of competitive food fats (including oilseeds) will be much larger. Demand for cotton oil probably will be at least as strong as last year.

Flaxseed production in 1958 was indicated as of October 1 at 40 million bushels, 55 percent larger than last year's short crop. A crop this large is likely to be about one-third more than probable commercial uses and CCC probably will acquire the surplus. Prices in 1958-59 are expected to average somewhat less than the \$2.94 per bushel received by farmers last year, reflecting a 5 percent reduction in the support price and production more than large enough to keep prices near the loan level.

#### FEED

Corn and sorghum grain prices declined during September and early October as farmers began harvesting the big 1958 crops. No. 3 Yellow corn at Chicago dropped from the seasonal high of \$1.36 per bushel for the week ended August 15 to \$1.25 in early October a little more than the usual seasonal decline for this period. Sorghum grain prices dropped about 50 cents per 100 pounds at Kansas City during the same period. Corn prices probably will reach their seasonal low earlier and make a more rapid recovery from the low than in 1957-58 when wet corn delayed marketing and held prices at a seasonally low



level from November through February. Average prices received by farmers for feed grain were slightly lower in September than a year earlier and they probably will average a little below those of a year ago during the next 2 or 3 months. High protein feed prices averaged 11 percent higher in September this year than last, reflecting continued good demand for these feeds, especially soybean meal and animal proteins.

The 1958 national average support price for farmers in the commercial area complying with their acreage allotments will be \$1.36 per bushel, the same as the previously announced minimum support rate. The Department of Agriculture also announced a support price to noncomplying farmers in the commercial area at a national average rate of \$1.06 per bushel. The support rates for both complying and noncomplying farmers are 4 cents per bushel lower than for the 1957 crop.

Total feed grain production was estimated in October at 154 million tons, 8 percent larger than last year's big crop. Including the record carry-over of about 60 million tons and an allowance for wheat, rye and byproduct feeds to be fed, the total feed concentrate supply for 1958-59 is estimated at 243 million tons, 11 percent larger than last year and 32 percent above the 1952-56 average. The 1958 feed grain crop is more than ample for 1958-59 requirements and is expected to boost carryover stocks into 1959-60 by around 25 percent over the 1958-59 level.

#### WHEAT

Wheat prices have advanced to or close to the highest level of the marketing year to date. This advance reflects an unusual degree of withholding by farmers and the effect of the tensions in the Far East situation. Prices generally are now nearly the same relative to support levels as a year ago, except for white wheat in the Pacific Northwest where prices a year ago were high compared with other markets. Early season prices this year were low relative to the loan because of the record production.

Prices on October 14 were generally 15 cents (spring wheat) to 23 cents (hard red winter) above the lows of the season, but the price of soft white in the Pacific Northwest, which did not decline as much as other markets at the beginning of the season was only 7 cents above the low. The October 14 prices were as follows (cents below or above the effective support level are shown in parentheses): No. 1 Hard Red Winter, ordinary protein, at Kansas City, \$1.93, (13 below) and 13 percent protein, \$2.12, (4 above); No. 1 Dark Northern Spring, ordinary protein at Minneapolis, \$2.09 (3 below); No. 2 Soft Red Winter at St. Louis, \$1.98 (8 below); and No. 1 Soft White at Portland, \$2.03 (5 above).

Marketings have not materially increased with the higher prices because prices generally have not been high enough and the international situation has encouraged holding. As a result, "free" supplies continue limited.



Total wheat supplies for the marketing year which began July 1, 1958 are estimated at 2,340 million bushels. These consist of the carryover July 1 of 881 million bushels, the crop estimated at 1,449 million as of August 1 for winter wheat and October 1 for spring wheat and an allowance for imports of about 10 million bushels, mostly of feeding quality wheat.

Exports are now estimated at about 430 million bushels, 28 million above last year. Domestic disappearance is expected to be about 610 million, slightly above 1957-58. This would leave a carryover July 1, 1959 of about 1,330 million bushels, about 420 million more than a year earlier and the largest in our history.

### RICE

Exports of rice in 1957-58, in terms of rough rice, were 18.3 million cwt., less than half the 1956-57 record of 37.5 million cwt. and almost a fourth below the 1952-56 average. Domestic disappearance of 26.3 million cwt. was below the 27.0 million a year earlier, as decreases in brewers and feed use more than offset an increase in food.

The 1958 crop, on the basis of the October Crop Report, totaled 47.6 million cwt., reflecting record yields per acre. The crop together with the carryover and small imports indicates total supplies for 1958-59 of 66.0 million cwt. With domestic disappearance estimated at 26.6 million cwt., slightly above 1957-58, and the likelihood that exports will increase, the carryover on August 1, 1959 is expected to be lower.

### FRUIT

Prospective production of early and mid-season oranges in the 1958-59 season is about 2 percent larger than the reduced 1957-58 crop and 9 percent above the 1947-56 average. A substantial increase over the short 1957-58 crop in California and a small increase in Texas more than offset a moderate decrease from the reduced 1957-58 crop in Florida and small decreases in other States. The prospective tangerine crop in Florida is about double the light 1957-58 crop but considerably below average. Total production of grapefruit excluding the California summer crop, is expected to be about 7 percent larger than the reduced 1957-58 crop, but 6 percent below average.

Light shipments of new-crop Florida grapefruit were made in late September, and of oranges in early October, both starting several weeks later than last year because of late maturity due to delayed bloom last winter. Shipments probably will become seasonally heavy by early November. The California summer crop of grapefruit moved earlier this summer than last, resulting in lighter shipments in September than in this month of 1957. As

usual, light imports were made from Cuba in September. Shipments of California Valencias from the small 1957-58 crop continued much lighter during September and early October than in this period of 1957, and terminal auction prices remained much above a year earlier.

Stocks of Florida frozen orange concentrate held by packers on October 4, 1958 were down to about 14 million gallons, 34 percent smaller than a year earlier. This means that carryover stocks this fall will be much smaller than a year earlier and the smallest in several years. On the above date, Florida packers' stocks of canned single-strength citrus juices were down to about 2 million cases (24-2's), about half those of a year earlier. With the delayed maturity of Florida citrus this fall, the new season for freezing and canning will start later than usual.

The crops of apples, grapes and cranberries are somewhat larger than last year. But the crop of pears is smaller. With the increased availability of fall and winter apples in September as harvest of these varieties gained momentum, prices for most varieties at local shipping points declined, continuing under a year earlier. Auction prices for Bartlett pears held fairly steady in late September and early October but averaged under a year earlier. Auction prices for California grapes fluctuated from week to week in September and early October but continued above a year earlier. In early October, wholesale prices for Massachusetts cranberries on the New York market averaged a little higher than a year earlier.

#### COMMERCIAL VEGETABLES

##### For Fresh Market

Total supplies of fresh vegetables for fall harvest are expected to be slightly larger than both last year, and the 1949-56 average. Most of the increase over last fall is in early fall cabbage and carrots, and in early and late fall cauliflower. Production of early fall cabbage is estimated at 9.7 million hundredweight, about 13 percent more than last year. Prospective production of early fall carrots, at 4.8 million hundredweight is 9 percent larger than last fall. Production of cauliflower is expected to be about 9 percent larger than last fall, and substantially more early fall spinach and slightly more tomatoes are also in prospect. Output of early fall lettuce is substantially below last year, but estimated production for late fall harvest is materially larger. Supplies of celery in late fall promise to be substantially smaller than a year earlier. Substantially more fall sweet corn and eggplant is expected to be available but less snap beans, brussels sprouts and green peppers.

Fresh market vegetables are again competing with heavy supplies of processed items. Prices received by farmers for fresh market vegetables this fall compared with last will vary for individual items, depending largely



upon supply and quality. But overall prices for fresh vegetables during the next 8-10 weeks are expected to average near those of a year earlier.

### For Processing

Indications are that heavy supplies of processed vegetables will be available for distribution into mid-1959. Carryover stocks of both canned and frozen vegetables were smaller at the beginning of the season than a year earlier. But a larger prospective canned pack, particularly of tomato juice and tomato products, probably will more than offset the smaller beginning stocks. Supply of frozen vegetables is likely to be somewhat smaller than last season, but most items will be in ample to heavy supply.

Costs of labor and some canning materials are higher this season than last. Distribution costs are also up. Although consumers will find some items less expensive, overall retail prices of processed vegetables into mid-1959 are likely to average a little higher than a year earlier.

### POTATOES AND SWEETPOTATOES

Combined production of late summer and fall potatoes is estimated at 211 million hundredweight, 12 percent more than last year and much above normal market sales. Most of the major producing areas are operating under marketing orders and agreements which permit only good quality potatoes to be marketed as tablestock. A potato diversion program is also in effect to aid the industry in an orderly marketing program for the large crop. Nevertheless, supplies available for regular market channels are burdensome and prices are low. Mid-September prices received by farmers averaged \$1.23 per hundredweight, 50 cents below a year earlier. Prices throughout the fall are expected to continue significantly below those of last fall.

Supplies of sweetpotatoes available into mid-1959 appear to be about 1 percent larger than a year earlier, but about 8 percent smaller than the 1949-56 average. Prices received by farmers in mid-September averaged \$2.74 per hundredweight compared with \$2.97 a year earlier.

### COTTON

A national marketing quota of 12,167,000 bales (500 pounds gross weight) and a national acreage allotment of 16 million acres for the 1959 crop of upland cotton were proclaimed on September 29. The acreage allotment is at the minimum provided for by the Congress. The referendum on upland cotton marketing quotas will be held on December 15. At least two-thirds of the upland cotton farmers voting in the referendum must approve marketing quotas if they are to be effective. Such approval would put into effect the "choice" provision of the cotton section of the Agricultural Act of 1958 which provides growers with an opportunity to increase acreage up to 40 percent with a lower price support.



The Secretary of Agriculture on October 13 announced a national marketing quota for extra long staple cotton of 74,000 bales and a national acreage allotment of 71,000 acres for the 1959 crop. These compare with a marketing quota of 79,000 bales and an acreage allotment of 83,000 acres for the 1958 crop. A growers' referendum on these quotas has been set for December 15.

The supply of cotton during the current marketing year is estimated at 20.5 million running bales. The downward revision from a month ago represents a 360,000 running bale decrease in the October crop estimate from that made in September as well as a slight downward revision in last year's imports.

As of October 1, 2.6 million bales had been ginned from the 1958 crop. Cotton ginned as of that date was high in quality, but slightly shorter staple than last year. Ginnings to October 1 represent 22.6 percent of the 1958 crop as estimated on October 1, compared with the average of 37.8 percent ginned by this date. Rains continued to delay harvesting during October, except in the Far West.

Disappearance during 1958-59 is currently estimated at around 12 1/2 million bales. This includes exports of 4 to 4 1/2 million bales and domestic consumption of around 8 million.

Prices received by farmers in September averaged 34.54 cents per pound equal to 90 percent of parity. They were 1.6 cents above a year ago--at their highest level in nearly 4 years, reflecting the high quality of the marketings and the increased level of support for such quality cotton. Prices at the 14 spot markets in September averaged 34.70 cents for Middling 1-inch. This was more than a half cent below the support rate at these markets. As a result a substantial part of current marketings has been placed under loan. Net loan entries through October 3 totalled 795,000 bales, more than 3 times higher than a year ago.

Mill consumption in August was at a daily rate of nearly 32,000 bales. While below a year ago, this rate represented a more than seasonal increase from July, and on an annual rate basis indicated a level of mill consumption of 8 1/4 million bales.

Exports in August totalled 209 thousand bales, compared with 336,000 a year ago. Through September 29, CCC sales of cotton for export during 1958-59 totalled about 3/4 million bales, about one-fifth of the quantity sold by September 30, 1957 for export during 1957-58.

#### WOOL

Early in October, prices of wool abroad ranged from about the same as to slightly lower than a month earlier. Boston quotations for most domestic wools were the same as a month earlier, but prices of some were slightly lower than a month earlier. Prices in both domestic and foreign markets are substantially lower than a year ago due largely to the easier world demand for wool.



Prices received by domestic growers for shorn wool averaged 36.9 cents per pound, grease basis, in September, down 0.5 cents from August. For the first 6 months of the current domestic marketing season, the monthly averages have ranged between 14.9 and 19.8 cents per pound below a year earlier.

The average weekly rate of domestic mill use of apparel wool during August, was 3 percent below a year earlier. It is likely to average above a year earlier for the remaining months of 1958. The total for the first 8 months was about 21 percent below last year. The general movement of the rate of consumption was downward from mid-1956 through the end of last year, but it turned upward early this year. During August, mill use of carpet wool was above a year earlier for the first time since March 1957. In August it was up 6 percent. For the first 8 months it was down about 27 percent from last year.

Imports of both dutiable and duty-free wool for consumption this year have been running considerably lower than last year. The January-July total for dutiable wool was down 25 percent and that for duty-free wool was down 23 percent. The smaller imports largely reflect the lower mill use.

#### TOBACCO

By the first third of October, approximately three-fourths of this year's flue-cured crop had been marketed. Through October 10, auction prices averaged 57.8 cents per pound, 3 percent higher than in the corresponding period last year. About 11 percent of total market deliveries were placed under Government loan, compared with 6 percent in the comparable period of last season. The support level for 1958 flue-cured is 54.6 cents per pound--7½ percent more than for the 1957 crop.

Marketings of most other types will begin late this fall or during the winter. The 1958 support level for burley is 55.4 cents and for Maryland, 50.8 cents--about 7 percent and 6 percent, respectively, above last season. The 1958 support for the fire-cured types is 38.8 cents, and for dark air-cured and sun-cured, 34.5 cents--the same as in 1957.

For most kinds of tobacco, 1958-59 supplies are down from a year earlier, principally because of smaller carryovers. However, supplies are generally ample in relation to prospective disappearances. The 1958 production of tobacco was indicated as of October 1 to be 7 percent larger than last year's chiefly because of an increase in the flue-cured crop.

The quantity of tobacco (farm-sales weight) utilized in cigarettes turned upwards in 1957-58 after declining for several years. This resulted mainly from the increase to a new high in total number of cigarettes produced, as the quantity of leaf used per unit of output was close to that of the preceding year. On the average, manufacturers now get more cigarettes per pound of unstemmed tobacco than they did a few years ago. This is because of a smaller tobacco column in many filter tip cigarettes than in nonfilter tips; the reduction in circumference of some cigarettes; and the use of sheet tobacco and additional stems.

Cigarette output this year is estimated at a record 457 billion, compared with 442 billion in 1957. About 18 billion will be exported and the rest consumed by U. S. smokers in this country, our possessions, and among overseas forces. This year, filter tip cigarettes may account for around half of all cigarettes compared with close to two-fifths last year.

The 1958 consumption of cigars and cigarillos in the U. S. and by overseas forces is estimated to be 3 percent more than in 1957. Expanding use of sheet binder and the larger share of cigarillos than a few years ago have increased the number of units produced per pound of farm-sales weight cigar tobacco. Output of smoking tobacco in 1958 is estimated at 9 percent above 1957, and will be the first upturn in 9 years. Production of chewing tobacco and snuff is estimated at 5 percent and 6 percent, respectively, below 1957.

The 1958-59 total supply of continental cigar filler tobacco is a little above that of 1957-58, but this year's supply of the binder types is over a tenth smaller. Connecticut Valley growers have drastically reduced production in the last 3 years largely through participation in the Soil Bank program. Expanded use of processed sheet binders has curtailed demand for Connecticut Valley binder tobacco. Government support levels for the cigar types range from 23.4 cents to 56.2 cents a pound, and are mostly higher than last year's.

Exports of unmanufactured tobacco in calendar 1958 are expected to be around 465 million pounds (declared weight)--about 7 percent below 1957.





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